The Sales Manager's Guidebook

Volume 3
Managing Sales Performance

Sean McPheat

The Sales Manager's Guidebook – Volume 3

Welcome to Volume 3 of The Sales Manager's Guidebook. In this volume we will look at time management, negotiation skills, appraising sales performance, problem solving and decision-making.

This resource can be used by Sales Managers to develop their own skills as well as Trainers wishing to produce training sessions around the material contained in this volume.

The volume contains information on each topic as well as checklists, exercises and team activities.

INDEX

TIME MANAGEMENT AND SALES MANAGERS

Time management is a vital skill for sales managers and salespeople to master. A salesperson is an expensive resource and correct time management can make a big difference to the cost effectiveness of the company salesforce.

From a personal point of view, as salespeople, effective time management means seeing more of the right customers, or prospects and making best use of the face to face contact we have during the working day.

Historically, the size of salesforces has tended to reduce as technology has enabled the process of buying goods and services to be carried out in many different ways. Telesales, direct mail, the use of Fax machines, the Internet, mobile phones, have altered the way people buy and changed the role of the salesperson.

Salespeople, typically, have larger geographical territories to manage and more complex buyer-seller relationships to deal with. Customers have become more demanding and this has made a dramatic impact on the problem of effective time management.

So, like it or not, the role of the salesperson has changed and will continue to do so. Most salespeople work long hours and travel considerable distances. A study, which we will look at later, found the typical salesperson spending 42% of their time travelling and only 5% of their time in productive selling situations.

There are reasons why this is the case, but it is a fact that all of us in sales can be better at managing our time. We need to be able to plan more effectively, manage our sales territory, work smart as well as hard and get the most from the time available.

The key to effective time management lies in understanding your specific time management problems and then trying to identify solutions that are appropriate to you and the job you do. In the real world, if a key customer rings and demands you drop everything and come over, you may have to agree. However, if it is happening a lot and the problems are of little importance maybe it is time to do something about it.

DEVELOPMENT EXERCISE 1.
HOW MUCH IS YOUR SALESPERSON'S TIME WORTH?

As a sales manager, it is useful to estimate how much your team costs to run as an asset to your organisation. While it is difficult to make exercises like this totally accurate, it is useful to get a feel for your team's running costs so that your team members can begin to evaluate how they spend their time and the cost to the organisation.

We have put in some figures as our estimate. If you have figures for your own team put these in to give more accurate results

Here is an example, per tem member:

DESCRIPTION	**OUR ESTIMATE**	**YOUR ESTIMATE**
Gross salary (Inc. commission and bonuses)	£30,000	
National Insurance, pensions (Add 15%)	£4,500	
Company Car	£5,000	
Sales support	£5,000	
Promotional and marketing	£3,500	
Total cost:	**£48,000**	
Working weeks (Excludes, holidays, sickness, meetings, courses etc.)	£40	
Cost per week	£1,200	
Cost per day	£240	
Cost per call (Assuming 6 calls per day)	£40	

So, in this example, the salesperson is costing £40 per call. The next question to answer is "If it were their business, and therefore their £40, would they be able to justify every call they make and would they change your approach to planning and time management?"

QUESTIONNAIRE. IDENTIFYING TIME MANAGEMENT PROBLEMS

Please tick the appropriate column for each question.

ITEM	*Strongly Agree*	*Agree*	*Disagree*	*Strongly Disagree*
1. Other people always come to me for advice.				
2. My work tends to pile up.				
3. I never seem to have time to myself.				
4. I spend too much time in meetings.				
5. I always seem to be trying to do too many things at the same time.				
6. I tend to put off unpleasant jobs.				
7. I spend too much time managing my e-mails				
8. I never have time to think.				
9. The telephone never seems to stop ringing.				
10. I am always writing letters, memos and reports.				
11. I spend too much time travelling from place to place.				
12. I have to start and stop jobs frequently.				
13. I find it difficult to say no to people.				
14. I have too much paperwork to deal with.				
15. I find it hard to prioritise tasks.				
16. If you want a job doing well you have to do it yourself.				
17. I don.t spend enough time talking to the people I manage.				
18. Work tends to get in the way of my social life.				
19. I constantly get interrupted at work.				
20. There just aren.t enough hours in the day.				

TIME MANAGEMENT PROBLEMS

Having completed the questionnaire, write down your five most important time management problems. These may or may not have been mentioned in the questionnaire.

MY MAJOR TIME MANAGEMENT PROBLEMS ARE:

1

2

3

4

5

6

7

A DAY IN THE LIFE OF A SALESPERSON

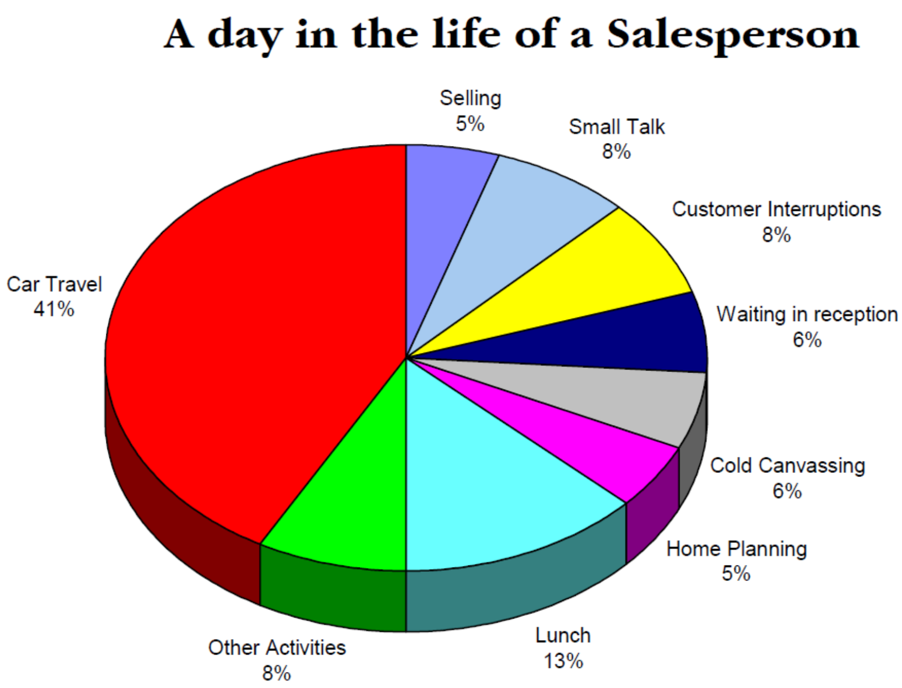
What do salespeople in fact do with their time? Given the many tasks they are expected to perform, how many are truly professional in what they do? Do salespeople use their time as well?

A recent international survey was carried out by Kinnaird Communications Group, a Glasgow-based consultancy, which covered about 1,000 salesmen and women operating in the United Kingdom, France, Italy and Germany. The investigation was based on looking at sales records, and, talking to chief executives, supervisors and customers. The consultancy's findings were also supplemented by observations over many years among clients' salesforce.

In terms of how salespeople spend their time, Kinnaird found that out of the average salesperson's day, 42 per cent of the time is spent in the car. Less than one-third of the time is spent on customers' premises, and all of that time - except for about 5 per cent - is spent on fruitless 'cold' calls, waiting in reception interruptions and, in the case of the poorest salespeople, inadequate forward planning and an excess of 'small talk'.

The survey also found that a large proportion of the salesperson's time, when on customer premises, was spent talking to individuals with no influence on the purchasing decision.

The Kinnaird study reported that only 5 per cent of field sales staff surveyed 'possess the excellent time management skills that make them stand out as professionals'. The survey claimed that 35 per cent of salespeople managed their time to a reasonable degree, while 60 per cent were rated as no more than adequate.



The reasons given for this apparent poor performance was unclear goals and objectives, lack of training, sales management interventions, company policy and structure. In other words it was not just the fault of the salespeople concerned, but the way the organisations surveyed were structured and managed. To improve time management a company wide strategy is required that supplements training and sales management interventions.

The overall conclusion is that the majority of salespeople fail to manage their time effectively, but, if time management training is provided and some of the structural issues that cause time management problems are tackled, there can be significant improvements in call rate and sales success.

So, is it you?

Ask any sales manager to name the major source of his, or her time management problems and you will probably get a list that reads something like:

- The team
- My boss
- Interruptions
- Travelling
- Changing priorities
- Unclear objectives
- Other members of staff
- E-mails
- Report writing
- Paperwork
- Road works
- Customers
- Training course…and so on

The reality is that your major source of time management problems is probably you.

The way we go about our working lives is influenced by how we were brought up as children. Some of us find it difficult to say no in case we upset the people we work with, or we always respond to customers' demands, however unrealistic, because we feel we should. This emphasis on being liked is programmed into some of us at a very early stage.

Some of us try to get everything just right and put too much effort into the pursuit of perfection, where it may not be appropriate.

Some of us leave things until the last moment, putting off important tasks until they have to be done urgently. Others just enjoy being busy and find it hard to prioritise, meaning we work longer and longer hours at the expense of our family or social life.

Some managers find it hard to relax and don't like the team to know when they are out of their depth, or don't know how to handle a particular situation.

All these influences mean we go about our working lives, dealing with changing goals and priorities, differently. The following questionnaire has been designed to analyse how you prioritise your working life and give some clues on how you might wish to begin modifying some of your less productive behaviour.

Answer the questions honestly and then complete the score sheet at the end.

DEVELOPMENT EXERCISE 2. DRIVERS QUESTIONNAIRE

	Strongly Agree	*Agree*	*Don.t Know*	*Disagree*	*Strongly Disagree*
1a. I tend to do things as quickly as possible.					
1b. I feel responsible for making others feel good, especially if I'm doing something that affects them.					
1c. I try to hide my feelings in front of others.					
1d. Whenever I do something, I demand perfection from myself, even if I have to spend a lot of time doing it.					
1e. I experience more problems in getting things done than a lot of people I know.					
2a. I speak quickly, and people have some difficulty in following what I'm saying.					
2b. It is difficult for me to say 'no' when I'm asked to do something I don't really want to do.					
2c. I endure things quietly, without complaining.					
2d. I try to use words correctly without making careless mistakes.					
2e. Life has not been easy and success requires a lot of hard work.					

	Strongly Agree	*Agree*	*Don.t Know*	*Disagree*	*Strongly Disagree*
3a. I just don't have enough time to do the things I want to do.					
3b. Since I was small, I have tended to put other people first.					
3c. When I.ve made a decision, I really hate to have to change my mind.					
3d. When I pass on information, I do it with great care, so that people will understand exactly what I want to say and won't need to alter the meaning of my words.					
3e. When I'm talking or involved in something, I do find it difficult to remain objective and give direct answers.					
4a. I leave everything to the last minute and then I start to get panicky as time runs out on me.					
4b. I have a strong need to be loved or liked by people.					
4c. I don't believe in asking for help. I prefer to be self-sufficient.					
4d. Even when I do something well, I still think I could have done better.					
4e. It's all too easy to simplify matters. Most things are more complicated than they appear at face value.					

	Strongly Agree	Agree	Don.t Know	Disagree	Strongly Disagree
5a. When I'm doing something I find I'm already thinking about what I have to do next.					
5b. I am concerned about what people will say or think whenever I'm doing something.					
5c. When everybody gets excited, I keep cool to give them support.					
5d. When I really do try to be positive, I find I end up being negative.					
5e. It is difficult to complete things because there are always so many alternative solutions.					
6a. I believe in arriving early for meetings and appointments.					
6b. I expect people to understand when I need something, without having to ask them for it.					
6c. I hate to be protected.					
6d. I hate to see things out of place and I can.t stand untidy clothing.					
6e. I really to try very hard and yet things still don.t turn out the way I want.					

	Strongly Agree	*Agree*	*Don.t Know*	*Disagree*	*Strongly Disagree*
7a. I get impatient waiting for other people to finish their tasks, so I end up doing the job myself.					
7b. I like folks to care for me. I expect other people to make me feel good.					
7c. When somebody gets emotional, I either become impatient with them or joke about it.					
7d. I don't find it easy to tolerate other people's mistakes, or accept excuses.					
7e. I really value those things which are attained through great effort.					
8a. While others are talking or doing something, I find it hard to remain still and I tend to fidget or become agitated.					
8b. I find I do look away from people when I'm answering their questions.					
8c. The more a person can endure, the more they are worthy of my admiration.					
8d. I find it necessary to correct people because they are careless or have got the story wrong.					
8e. I find I need to repeat my point several times to make sure that people really understand me.					

	Strongly Agree	Agree	Don.t Know	Disagree	Strongly Disagree
9a. I do have a tendency to interrupt people and complete their words or sentences for them.					
9b. I try to anticipate what others need in order to meet their wishes.					
9c. Duty and discipline come first in life.					
9d. Both in my studies and in my work, I need to be number one.					
9e. I don't believe in the quick and easy way.					
10a. When I ask for something, I expect quick response. I can't stand slow people.					
10b. I don't accept 'no' for an answer, even if my request is not really important.					
10c. One has to show strength, even when feeling completely 'shattered' or 'destroyed' inside.					
10d. I demand from others (children, employees, colleagues, family) the maximum effort in their studies and work.					
10e. I expect people to try hard and put a lot of effort into whatever they do.					

	Strongly Agree	Agree	Don.t Know	Disagree	Strongly Disagree
11a. When listening to people, I find it hard to keep looking at them.					
11b. When someone talks to me, I tend to nod my head.					
11c. When someone tells a joke, I simply smile.					
11d. I would rather do things myself to be sure they are well done.					
11e. On the whole, there are far more obstacles than there are opportunities in life.					
12a. Wherever I go, I tend to walk quickly.					
12b. When I ask somebody a favour, I do tend to make my request in an over polite or apologetic way.					
12c. I don't believe in exposing my feelings to people; my feelings are my concern.					
12d. My doodling's quickly turn into perfect geometrical shapes.					
12e. However hard I try, I have to leave things unfinished.					

SCORE SHEET

For each of the answers Score 4 if you strongly agree, 3 if you agree, 2 if you don't know, 1 if you disagree and 0 if you strongly disagree. Complete each space in the score sheet and add up the total of each column a, b, c, d and e.

Question	A	B	C	D	E
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
TOTAL					

SCORE	SHEET COLUMN
a	Hurry Up
b	Please People
c	Be Strong
d	Be Perfect
e	Try Hard

SCORE	
Strongly Agree	4
Agree	3
Don't Know	2
Disagree	1
Strongly Disagree	0

Most time management problems are caused by ourselves. We tend to blame others for our time management problems, and there are some external factors that get in the way of managing time, but the greatest source of the problems we face comes from the ways we tackle our job tasks

Personal Drivers help to describe the way we tackle certain jobs and help to explain why we often cause our own time management problems. Drivers are programmed into us as children and are therefore difficult to change. Once we are aware of our drivers it is possible to minimise their negative effects and make the most of their positive effects.

The 5 drivers that have been identified are:

1. Please People
2. Hurry Up
3. Be Strong
4. Try Hard
5. Be Perfect

One or two of the drivers tend to be more dominant, however at different times we behave in ways that show the influence of all 5 drivers. There is no right or wrong, good or bad in all this. Drivers help to explain behaviour. Drivers have positive and negative effects on our management of time. Let us look at them in more detail.

Please People

Everybody wants to be liked. 'Please people' people **have** to be liked. They have to be friendly with everyone to feel comfortable and cannot bear to be disliked or in situations where others are in conflict. They spend a lot of time managing their own and other peoples' relationships and see it as a priority that everyone gets on with everyone else.

This can be advantageous in salespeople. They are very good at forming relationships and developing friendships. They keep the team feeling positive and are good at dealing with people. However, in the extreme, they can be poor negotiators because they will give way, or be too generous in negotiations, rather then risk damaging the relationship with customers. As managers, they are pleasant to work for but sometimes find it hard to keep discipline and can have favourites.

HURRY UP

Most of us can, on occasion, accomplish important work projects at short notice. 'Hurry up' people engineer situations so that they are always working to a tight deadline. Give a Hurry Up salesperson a month to complete a job and they will put off beginning it until there is just enough time to get the job done.

They do not do this consciously, but subconsciously delay work schedules as long as possible so they have to complete under pressure. Hurry Up salespeople are often late for appointments due to 'unexpected circumstances', however they are very good at working to tight deadlines. Again there are positive and negative aspects to this type of behaviour.

BE STRONG

Be Strong people find it hard to express emotions. They are the strong silent types who work within teams, but give very little away about themselves. By not showing outward emotions they can be good crisis managers but can sometimes be seen by others as being cold and aloof.

Be Strong people work well under pressure, but can cause themselves stress problems if they are unable to find a release for the pressure that sometimes builds up.

TRY HARD

Try Hard people put a lot of effort into their work. They are most happy when busy and are capable of handling large quantities of work. They sometimes find it difficult to prioritise work and see the work as being an end in itself rather than being a means to an end.

Typically the Try Hard salesperson will put a lot of effort into everything he or she does, but may not be spending time doing the things that are most productive and generate the best results. They will defend themselves by saying things like: I am working 12 hours a day, travelling the length and breadth of my territory, seeing customers and producing needs analyses. What more can I do? The manager of a Try Hard salesperson needs to harness this energy and enthusiasm so that he or she is 'working smart' and not just 'working hard'.

The positive aspects of Try Hard are therefore found in the amount of work capable of being generated; the negative aspects are that the work is often of dubious value to the achievement of objectives and too much effort is put into trivial or non-important tasks.

Be Perfect

Be Perfect people set very high standards for themselves and others. Everything they do has to be perfect, however long it takes. Be Perfect people are often very well groomed and their workspaces are immaculately clean and tidy. They line up their pens with surgical precision. Everything has a place and is well ordered and tidy.

Be Perfect people are very good at work that needs to be detailed and accurate. However, they often spend large amounts of time making things perfect that really don't justify the Be Perfect approach.

Certain drivers go well together. For example: Try Hard and Hurry up, Be Strong and Be Perfect, Please People and Try Hard. Some however don't match quite so well. A Be Strong Manager will see a Please People subordinate as being weak and sycophantic. The subordinate will see the manager as being cold and aloof. This could lead to problems in managing inter group relationships as well as managing time.

The overall conclusion is that we need to analyse the way we tackle jobs and begin to try and amend some of the negative aspects of our behaviour.

Please People	Stop trying to keep everybody happy. Learn to say no
Hurry Up	Schedule deadlines to ensure you are not leaving things until the last minute
Be Strong	Loosen up. Talk to others if you have a problem. A problem shared…..
Try Hard	Work smarter. Identify the important tasks and, occasionally, leave some tasks uncompleted
Be Perfect	Try not to waste time making unimportant tasks perfect. Prioritise your work and use your Be Perfect skills on the important stuff

DRIVERS. INTERPRETATION EXERCISE

Using the chart below, note down the positive and negative behaviours that each of these drivers bring out in people.

DRIVER	Positive	Negative
Be Perfect		
Try Hard		
Please People		
Hurry Up		
Be Strong		

Think of some examples of people you know. Which are their major drivers and how do they influence their behaviour?

IDENTIFYING YOUR TEAM'S TIME MANAGEMENT PROBLEMS

Like us, the people in our team need to manage their time effectively. With the average salesperson spending only 5% of their time in potentially effective selling situations they need to maximise their use of time during the working day.

To begin to identify specifically how your team spends its' time, we need some data. We do this by means of a time log.

Time management training. Time Log. Day 1

Name ……………………………………………… Date:………………..

START TIME/FINISH TIME • ACTIVITY AND WITH WHOM? • WHERE? • PROBLEMS

Notes:

Each team member completes a time log for a period of 5 working days, recording all activity over that period. This can be time consuming and frustrating, but very worthwhile.

After the period the time logs need to be analysed in order to identify team and personal time management problems. This can be done at a team meeting and the exercise; The Working Day can be used to bring the results together. Break the team into small groups, or syndicates and have them analyse their time logs.

The Working Day

Analyse your time log in detail with members of your syndicate. Answer the questions honestly and complete the action plan at the end, making commitments for improving your time management in the future.

1. What, from your time-log, are your biggest time management problems?

2. How many of these problems are you able to control?

3. How many are controlled by others?

4. What proportion of your time is spent in activities that directly contribute to the purpose of your job?

5. On whom or what are you spending
   • Too little time
   • Too much time

6. How much travelling time is included? How could you're travelling time be better organised?

7. How much time is spent planning and preparing your effort and reviewing your results.

8. How much long, medium and short-term planning do you carry out.

9. What part do interruptions and unplanned events play in your time management problems?
   How much of your time do you feel is unplannable?

10. How much time do you spend productively with:
    • Your manager
    • Your secretary or assistant
    • Your customers

11. What parts of your job do you find are easiest to manage?

12. What 'important' tasks remain unfinished? How much time did you spend on the important but non-urgent tasks?

13. What proportion of your time was spent in administrative tasks?

Setting Priorities

We can categorise any work task in order of its. importance and urgency.

Important/Urgent	Things that MUST be done now or very soon and take precedence over everything else
Important/Not Urgent	Most of the really important things in our lives are NOT urgent, they can be done now or later. In many cases they can be postponed forever, and in too many cases they are! Examples of these are long-range planning, self-improvement, writing an article, improving relationships. This is the area that truly determines effectiveness
Urgent/Not Important	The built-in time limits ensure that these things DO get done. The key is to do them as quickly as possible with the minimum quality required
Not Urgent/Not Important	There are many things that are neither important nor urgent. We often do them because they give us the feeling of activity, or being busy of doing something

By prioritising tasks we can decide what to tackle next. How important is the task and what time deadline applies to it!

Most people set priorities according to urgency and this usually leads to three categories.

1. Must be done today
2. Should be done today
3. To be done sometime

Try setting priorities first in terms of importance. How? By asking yourself:

Does this activity contribute directly to the purpose of my job? Does it have a bearing of my short-term objectives? Will it help me achieve my personal goals?

You are making an assessment of the PAY-OFF; the value to you of the activity. The PARETO PRINCIPLE or 80/20 Rule should help you to determine the high pay-off activities. The PRIORITY GRID is a way of dealing with the competing claims of urgency and importance.

The Pareto Principle says that we tend to complete 80% of our effective work in 20% of our time, or in selling, 80% of our targeted sales come from 20% of our customers.

The Priority Grid is a way of setting priorities by deciding on their relative importance and urgency.

	Important	**Not Important**
Urgent	Important and Urgent	Urgent but not important
Not Urgent	Important but not Urgent	Not important and not urgent

The priority grid

A final consideration is the TIME/BENEFIT RATIO; unimportant and perhaps non-urgent things are sometimes best done now, so leaving you free for more vital things. Then again it can be best to delay important items until you have an uninterrupted block of time.

The key learning point from the priority grid is that we need to set priorities in terms of their importance, as well as their urgency. Effective time managers use the time they save, to begin or continue work on important tasks that don’t have an urgent time deadline.

This is the payoff from Time Management.

30 PRACTICAL TIME MANAGEMENT TECHNIQUES

Here are some techniques and ideas to improve your time management.

1 Clarify your job purpose and objectives.

2 Set yourself short, medium and long-term goals.

3 Write a list of your main objectives.

4 Prioritise the objectives and schedule time to begin work on important but non-urgent tasks.

5 Set priorities in terms of importance as well as urgency.

6 Schedule 'thinking time' into your working day.

7 Identify your major time management problems by using a time log.

8 Encourage your manager to prioritise your work tasks.

9 Deal with interruptions positively. Learn to say no.

10 Organise your workspace so you are able to concentrate on one job at a time. Put all other working papers away.

11 Create a 'dump drawer' for non-important, non-urgent items such as trade magazines, reading material etc. Schedule in time to go through this once a month.

12 Use a diary to schedule time. Keep to the schedule.

13 Use a 'bring forward system' to remind you of things that need to be done on specific dates.

14 Plan the working day, setting priorities at the beginning of the day.

15 Work faster, especially on routine tasks that do not require a Be Perfect approach.

16 Concentrate on one thing at a time.

17 Combine similar tasks such as telephone calls, e-mails, visits, meetings etc.

18 Produce checklists or written routines for recurring jobs.

19 Set deadlines for work you are given. Challenge unrealistic deadlines. Ask why?

20 Don't rely on memory. Write things down.

21 Measure 'opportunity cost'. If you weren't doing your current task what else could you do?

22 Don't worry about things you can't influence. Concentrate on areas within your control.

23 Prevent recurring problems from happening by solving the real problem.

24 Communicate what you are doing to your manager, your team and others.

25 Decide which jobs are totally unnecessary and don't do them.

26 Allocate tasks to other team members. Delegate.

27 Break large jobs into a series of smaller, more manageable actions.

28 Set aside time to talk to your team, as a group and as individuals.

29 Seek ideas from others, both inside and outside your team.

30 Invest in your own self-development.

WHAT NEGOTIATION IS AND WHY IT IS IMPORTANT

Negotiation: can be defined as a process of bargaining by which agreement is reached between 2 or more parties. We all negotiate every day in a wide range of work and social situations. It is important to know how to negotiate for a number of reasons:

EFFECT ON PROFITS

During the negotiation course, we will explore why negotiating skills are important for you to be successful in business and in life. The importance of negotiation to your business is vital and the impact of good or bad negotiating can be shown as follows:

Company A		**Company B**	
Sales	£10m	Sales	£10m
Costs	8m	Costs	8m
Profit	£2m	Profit	£2m

Assume Company A has sales people and buyers who by improved negotiating techniques increase sales by 5% and reduce costs by 5%.

Company A		**Company B**	
Sales	£10m	Sales	£10.5m
Costs	8m	Costs	7.6m
Profit	£2m	Profit	£2.9m

By achieving relatively modest improvements in buyers' and sellers' performance, the effect is an increase in profits of £0.9m. This represents a 45% increase over the previous profit figure.

EFFECT ON CUSTOMERS

Successful negotiations can lead to increased profits, but can also lead to greater customer satisfaction. For example, you are buying a second car and you see a car advertised in the paper for £8,500. You decide to make an ambitious offer to see how they react. You offer £6,000 and they accept your offer immediately. How do you feel?

Most people feel two things in quick succession:

1 I could have done better

2 There must be something wrong with the car

Think of this next time you are negotiating for your business with a customer or supplier. Are you 'being fair' by offering your best price first time? What impact has your action had on the way the other side feels?

The objective of successful negotiation is not necessarily to charge the highest possible prices for your products, or to pay the minimum price possible for your supplies, but to creatively put together solutions to problems that ensure:

- The best possible outcome for your business.
- Customers and suppliers who are happy to do business with you.
- A reputation for being a tough negotiator while earning the respect of those with whom you negotiate.

MANAGING SALESPEOPLE WHO NEGOTIATE

Sales managers who manage salespeople can find themselves in a difficult position when the salesperson is negotiating on behalf of their organisation.

The biggest problems associated with salespeople when they negotiate are:

1 They tend to identify with their customers' problems more than those of the company that employs them. So, when a customer says "You are too expensive", their first thought is "How much can I reduce my price?" rather than, "How can I defend my price?"

2 They find it easier to come back to their manager and say "We need to reduce our price", because the manager is easier to negotiate with

3 They will often encourage the manager to be present during negotiations because he, or she has more authority and will be more likely to concede during the meeting

As managers, we need to be aware of these issues and make sure that our salespeople have the skills with which to negotiate with customers, but also have clear guidelines on their authority to act during the negotiation.

Managers need to set targets for the negotiation that give some room for movement, but not too much. Before the negotiation the manager should sit down with the salesperson and review what planning has taken place. We will see that planning breaks down into:

1 Objectives
2 Information
3 Concessions
4 Strategy
5 Tasks

Planning is one of the key stages of negotiation. Most salespeople negotiate too quickly and give too much away too easily.

As managers we need to give our salespeople the skills to negotiate, but they also need to have the right attitude. The best sales negotiators tend to be very confident and expect to do well. With all the planning and preparing in the world, if your salesperson goes into a negotiation expecting to fail then that will be the most likely outcome.

STYLES OF NEGOTIATION

Our style of negotiation will be influenced by the style of the other party. If both sides are adversarial, there will be little trust between the two parties, however, if one side decides to be co-operative, there is a danger the other side will use this apparent sign of weakness to their advantage.

Co-operative bargaining has the advantage of being a more efficient style of negotiation, however certain rules have to be followed by both parties, for it to work.

Let us look at the 2 styles of bargaining and their features:

FEATURES OF ADVERSARIAL BARGAINING

- Each side takes up a position and defends it
- Opening bids are set at unrealistic levels; too high or too low, in order to give room for manoeuvre
- Movement is small or non-existent until later on in the negotiation
- Tactics are used to gain short term advantage
- Too much emphasis is placed on trust. "This really is my best price!"
- Information is withheld, or misrepresented
- The outcome is often win-lose, or lose-lose
- The more aggressive negotiator usually does best
- This style does not encourage long term, mutually beneficial relationships
- Neither side asks enough questions, or explores alternatives in sufficient depth

FEATURES OF CO-OPERATIVE BARGAINING

- Each side recognises that the other has needs and feelings and accepts implicit rules
- Objective measures are taken of what is fair and reasonable
- Trust is not an issue as either side is willing to share information
- This style is friendly, but not soft. There is a willingness to trade concessions
- There is a clear, communicable strategy
- Bad behaviour is punished
- This style involves creative problem solving
- It encourages long term, mutually profitable relationships
- Each side asks more questions and explores alternatives, rather than taking up fixed positions
- The usual outcome is win-win

As Napoleon Bonaparte said "The objective of negotiation should not be a dead opponent"

PLANNING THE NEGOTIATION

In any kind of negotiation the planning stage is probably the most important. Too often in negotiations we go in badly prepared and end up giving concessions that reduce the overall profitability of the final deal. The importance of planning is in having a very clear idea before entering into the negotiation.

1. What are my objectives?
2. What does the other side wish to achieve?
3. What information will influence the final outcome of the negotiation?
4. What concessions can I make?
5. How am I going to achieve my objectives?
6. What part will other people play in the negotiation?

Generally, the more time that is spent in planning and preparing for the negotiation, the more beneficial will be the final outcome.

OBJECTIVES

Before entering into the negotiation, you need to have a clear idea of your objectives and try to work out those of the other side. Ask yourself the following questions:

1. What exactly do I wish to achieve from this negotiation?
2. Which of my objectives:
    a. Must I achieve?
    b. Do I intend to achieve?
    c. Would I like to achieve?
3. What options or alternatives would be acceptable to me?
4. What are the other sides' objectives?
5. How does the other side see the negotiation?

INFORMATION

It has often been said that information is power. In any negotiation, there will be 4 types of information that is important to the final outcome.

1. What information do I have that the other side has also?
2. What information do I have that the other side does not have?
3. What information do I need to have before negotiating with the other side?
4. What information does the other side need before it can negotiate with me?

This can be particularly important when negotiating with people who concentrate on price issues. What other things are important to this person? What pressures does he have on him to conclude the deal? How well is his company doing at the moment? How important is it that he deals with my company? etc.

The early phases of negotiation consist of both sides finding out more information before talking about a specific deal or set of alternatives. For example, if you find out the other side has a time deadline that only your company can meet, it may give you the chance to negotiate on more favourable price. If you know that the other side has recently expanded their production capacity, you may be able to negotiate more favourable terms in return for a commitment to buy certain volumes over an agreed time period.

By spending time as part of your preparation in listing what you already know and what you need to know, you will give yourself a better chance to negotiate well on your company's behalf.

CONCESSIONS

Negotiating is a process of bargaining by which agreement is reached between two or more parties. It is rare in negotiation for agreement to be reached immediately or for each side to have identical objectives. More often than not, agreements have to be worked out where concessions are given and received and this is the area where the profitability of the final outcome will be decided.

When preparing for negotiation, it is advisable to write down a realistic assessment of how you perceive the final outcome, find out the limits of your authority within the negotiation and decide what you are willing and able to concede in order to arrive at an agreement which satisfies all parties.

Concessions have two elements; cost and value. It is possible during negotiations to concede issues that have little cost to you but have great value to the other side. This is the best type of concession to make. Avoid, however, conceding on issues that have a high cost to you irrespective of their value to the other side.

When preparing for negotiations, ask yourself the following questions:

1 What is the best deal I could realistically achieve in this negotiation?

2 What is the likely outcome of the negotiation?

3 What is the limit of my authority? At which point should I walk away?

4 What concessions are available to me? What is the cost of each concession and what value does each have to either side?

STRATEGY

Planning your strategy is important in negotiation. Once you know your objectives, you need to work out how you are going to achieve them. It is also useful to try and see the negotiation from the other side and try and work out what their strategy will be.

During the negotiation there will be opportunities to use various tactics and you need to decide on which of these you feel comfortable with and recognise the tactics being used by the other side. Ask yourself the following questions:

1 How am I going to achieve my objectives in this negotiation?

2 What is the strategy of the other side likely to be?

3 What tactics should I use within the negotiation?

4 What tactics are the other side likely to use?

TASKS

If you go into negotiation with a colleague or colleagues, you need to decide during the preparation phase:

1 What role will each team member take in the negotiation?

2 How can we work together in the most effective way?

Some teams of negotiators appoint team leaders, note takers, observers and specialists, each with their own clearly defined authority and roles to perform. Having a clear understanding of roles within the negotiation will make the team approach much more effective.

Preparing for negotiations. Like, intend and must positions

The best deal, like:

1.	6.
2.	7.
3.	8.
4.	9.
5.	10.

An acceptable deal, intend:

1.	6.
2.	7.
3.	8.
4.	9.
5.	10.

The worst acceptable deal, must:

1.	6.
2.	7.
3.	8.
4.	9.
5.	10.

STRUCTURING THE NEGOTIATION

People who are successful negotiators have a well thought out strategy before going into the negotiation, are well prepared, self-confident and structure the negotiation, so that they remain in control of the negotiating process.

The recommended structure for negotiations is:

- Establish the issues being negotiated
- Gather information
- Build a solution

Stage 1. Establish the issues

- Many negotiators make the mistake of negotiating too quickly
- Skilled negotiators spend 20% more of their time asking questions and looking for alternatives
- Professional negotiators will want to gain your commitment on issues, such as price, early on in the negotiation
- You should never commit yourself to anything until you have established everything that is being negotiated
- Negotiators will often bring up an issue at the end of the negotiation, when you are vulnerable and likely to agree to a ' one sided ' concession, in order to conclude the deal
- Skilled negotiators will often ask the other side for their ' shopping list ' before beginning the negotiation and refuse to accept any last minute additions to the list
- Issues will include things like price, delivery schedule, payment terms, packaging, quality of product, length of contract etc.
- At this stage issues are kept general and no concessions are made or agreements reached

Stage 2. Gather information

This is a vital part of the negotiation. There are 4 kinds of information

1. Information you have that you are willing to give to the other side

2. Information you have that you are unwilling to give to the other side

3. Information the other side has that they are willing to give you

4. Information the other side has that they are unwilling to give you

- You need to decide, before the negotiation, how much you are willing to share information and what your own information requirements are
- This will set the climate for negotiation and will determine the amount of trust that exists between both parties
- Skilled negotiators are able to ask a range of open, closed and follow up questions and are able to listen effectively
- Skilled negotiators wait until they have all their information requirements, before making concessions

Stage 3. Build a solution

- Having gathered information the next stage is to begin to put together a solution
- Usually this will take the form of the selling side putting forward a proposal, or opening bid
- The opening bid should be ambitious, but defensible
- You should always challenge an opening bid and refuse to let an unacceptable bid on the table
- There will then be a process of bargaining and concessions will be traded and movement take place, until, hopefully, agreement is reached
- Concessions should not be given away for free and you should be wary about conceding on issues for which you are not prepared

NEGOTIATING TACTICS

Most successful negotiators recognise that the way people involved in negotiations behave does not always reflect their true feelings or intentions. We are going to look at negotiating tactics that may be used by you or on you. Whether or not you choose to use these tactics, it is vital to understand 3 things:

• These tactics work
• They can be being used on you, and can be used by you
• Once they are recognised as tactics, their effects are reduced, or eliminated

You may feel that there is no need in your particular case to negotiate or resort to 'tactics' in negotiation. This is a matter of personal choice.

In general, tactics are used to gain a short-term advantage during the negotiation and are designed to lower your expectations of reaching a successful conclusion.

There are many tactics available to negotiators. Here are some you may recognise.

PRE-CONDITIONING

This can begin before you even get together, or start your negotiations with the other party. Let us take a sales example:

You telephone for the appointment and the other side says, aggressively:

"Don't bother coming if you are going to tell me about price increases. You'll be wasting your time and I will be forced to speak to your competitors!"

When you do arrive you are kept waiting in reception for half an hour, without being told why. As you walk through the door into the other person's office they indicate for you to sit down, but don't look up. Instead, they sit leafing through your competitor's brochure, in silence, ignoring your efforts to make conversation.

You are given an uncomfortable low chair to sit in that happens to be directly in line with the sun, shining into the office. At this stage, how confident do you feel?

THE MONKEY ON THE BACK

Some negotiators have the irritating habit of handing their problems to you so that they become your problems. This is the monkey on their back that they want you to carry around for them.

A classic example is the person who says I have only got £10,000 in my budget. This is often used tactically to force a price reduction. Here is what you can do.

When one side says I have only £10,000 in budget, look worried. Say something like:

That is a problem. As you are no doubt aware, the cost of our systems can be anything up to £20,000 and I really want to help you choose the best system that meets your needs. Does that mean that if one of our systems has everything you are looking for, but costs £20,000, you would rather I didn't show it to you?

The monkey is now on the other person's back and they have to make a choice. If the objection is genuine and the budget figure is correct, you must try to look for an alternative that meets your needs as well as theirs. If they genuinely can only spend £10,000 that is not a tactic but the truth. In dealing with tactics the first decision you must make is whether it is a tactic or a genuine situation. If it is genuine, you have a problem to solve, rather than a tactic to overcome.

THE USE OF HIGHER AUTHORITY

This can be a most effective way to reduce pressure in the negotiation by introducing an unseen third party and can also be effective in bringing the negotiation to a close. I need to have this agreed by my Board of Directors. If they agree to the terms we have discussed, do we have a deal? Be careful to use this device sparingly so that the other side does not begin to feel you have no decision-making authority yourself.

One way of countering this tactic is to say before the bargaining begins If this proposal meets your needs, is there any reason you would not give me your decision today? If the other side still wishes to resort to higher authority appeal to their ego by saying Of course, they will go along with your recommendations, won't they? Will you be recommending this proposal?

NIBBLING

Negotiations can be a tiring process. As the point draws near when an agreement is likely, both sides exhibit a psychological need to reach agreement and get on with something else.

You are very vulnerable as the other side reaches for their pen to sign the order form or contract to concede items that don't significantly affect the final outcome.

Oh, by the way, this does include free delivery, doesn't it?

Oh, by the way, the price of the car does include a full tank of petrol?

Nibbles work best when they are small and asked for at the right psychological moment. Like peanuts, eat enough of them and they get fattening.

This tactic is sometimes seen in retail outlets when you have decided to buy a particular shirt and the salesperson says of course you'll need a tie to go with the shirt and, before long, you are coerced into buying much more than you intended. Good negotiators will often keep back certain items on their 'want list' to the very last minute when the other party is vulnerable. Watch out for this.

THE GOOD GUY AND THE BAD GUY

You may have come across this tactic before or else seen it used in films or on television. This is a tactic designed to soften you up in the negotiation.

For example, you are negotiating the renewal of your service contract with the Buying Director and his Finance Director. You present your proposal and the Buying Director suddenly gets angry and walks out in disgust muttering to himself about how unfair you have been and how the 'relationship' is well and truly over.

You pick up your briefcase and are being shown the door when the Finance Director smiles at you sympathetically and says

I'm terribly sorry about that. He is under a lot of pressure. I would like to help you renew your contract, but he really will not consider the price you have suggested. Why don't I go and talk to him for you and see if we can agree a compromise? What is the bottom line on the contract? If you give me your very best price, I will see what I can do.

The best way of dealing with this tactic is to recognise the game that is being played and assess exactly what the quality of the relationship is. You may be able to say something like:

Come off it, you are using good guy, bad guy. You're a superb negotiator, but let's sit down and discuss the proposal realistically ...

If you don't have this kind of relationship, stand firm and insist on dealing with the bad guy, or else bluff yourself and give a figure that is within your acceptable range of alternatives.

One way of combining 'good guy, bad guy' with 'higher authority' is by saying things like

Well, I'd love to do a deal with you on that basis, but my manager refuses to let me agree terms of this nature without referring back and he refuses to talk to salespeople. Give me your best price and I will see what I can do ...

BODY LANGUAGE

It is important in negotiation to react verbally and visually when offers are made. You may have seen the more theatrical negotiators hang their heads in despair or accuse you of being unfair and souring a perfectly good relationship when you present your proposal. Human nature is such that we can believe and accept these outbursts against us and our negotiating position becomes weaker as a result.

Ensure the next time you are in a negotiation that you react to the other party's offer. If you show no reaction, they may be tempted to ask for more and more and you will lose the initiative in the negotiation. Also, it is almost certain that their opening offer is higher than the figure for which they are prepared to settle, so it is important that you clearly signal your unwillingness to accept the opening position.

If you reach the point below which you will not go, it is important that you show this with your body language. News readers, when they have finished reading the news, have a habit of picking up their script and tidying up their papers. This tells the world that they have finished their task and are preparing to leave. Similarly, when you make your final offer, it can be very powerful to collect your papers together and indicate with your body that it really is your final offer. Put your pen away, sit back in your chair and remain silent. Look concerned and keep quiet.

If your voice says final offer but your body is saying let's keep talking, the other party will disregard what you say and keep negotiating.

THE USE OF SILENCE

During the negotiation, you may make a proposal and find the other party remains silent. This can be very difficult to handle and often signals 'disapproval' to the inexperienced negotiator. Just as nature abhors a vacuum, so silence induces the need in people to talk.

If you have a proposal to make, make it and ask the other side how he, or she feels about it. Having asked the question, sit back and wait for the answer. Whatever you do, don't change your offer as this could seriously weaken your position.

THE VICE

A common technique used by negotiators when presented with a proposal is to say You'll have to do better than that. This can be a very powerful statement, especially when used with broken record.

The most powerful way of dealing with this is to ask them to be more specific. Whatever you do, don't weaken your negotiating position in response to the vice by giving anything away, too easily. This will only encourage repeat behaviour.

THE POWER OF LEGITIMACY

People believe what they see in writing. We all assume that if a thing is printed or written down, it is non-negotiable. This is what can make price lists so powerful. If you have to present a customer with a price increase or you wish to encourage an early order to beat a price increase, show something in writing such as an office memo from your boss announcing the increase. This will have a far greater impact than just saying your prices are about to go up.

When presented with a price tag in a shop, ask to speak to the manager and make him an offer. You could be surprised at the results.

THE LOW-KEY APPROACH

Don't appear too enthusiastic during negotiations. Over-enthusiasm during negotiations can encourage skilled negotiators to review their strategy and demand more. If you are in a negotiation and the other side is not responding to your proposal, recognise this could be a tactic and avoid giving concessions just to cheer them up. Salespeople like to be liked and will often give money away in a negotiation, if the other side appears unhappy.

For example, if you are buying a car avoid saying to the seller things like:

This is exactly what I'm looking for

I really like the alloy wheels.

Develop a low key approach. Say things like:

Well, it may not be exactly what I'm looking for but I may be interested if the price is right

MOVEMENT AND CONCESSIONS

MAKING THE FIRST MOVE

Asking questions and listening effectively are important skills both in selling and negotiating. The first phase of negotiation involves both parties in agreeing the background to the negotiation and 'fishing' for the opening demand or offer.

It is often better to present the opening demand or offer in terms of a hypothetical question, as this allows the negotiator to retreat to his initial position if necessary.

The opening offer will probably be at or just about the level of the negotiator's maximum expectation, giving him room to maneuver, but not so high that the offer lacks credibility. Do not attempt to 'win' at this stage, but hold sufficient back so that you are able to move, if necessary, at a later stage.

This is a difficult period in the negotiation process and a professional negotiator will often use silence or other pressure techniques to solicit information from the other party.

FURTHER MOVEMENT AND CONCESSIONS

During negotiations, it can be in the interest of each side to keep asking questions and raising objections. Many excellent negotiators are low reactors who will move very slowly in negotiation. However, given that the opening position of each party differs, then there has to be movement and concessions if a deal is to be struck.

Negotiators will tend, at first, to discuss extra demands, trying to get the other side to agree to these without offering anything in return. They will be reluctant to give information or will defer decisions in order to increase the pressure on the other person. When an offer does come, it will often be on the basis of a quotation based on the minimum quantity at the lowest possible price. In all this, the negotiator is attempting to dominate the interview, pressing for maximum advantage, and trying to force the other person to concede on a major issue.

The skilled negotiator will ask the other side for a complete list of all his, or her requirements, and will not concede on a single issue until he knows the nature of the whole package. He will then begin to trade concessions, starting with the smaller, less important aspects of the package.

Negotiators should avoid making one-sided concessions which will severely weaken his final position and could affect the overall profitability of the deal.

When movement comes, it begins slowly, then can be very rapid as both parties sense a deal being on the cards. Movement does tend to be discontinuous with either party moving and the other holding up the agreement at any one time. This leads to short periods of deadlock, which can be brought to an end in different ways.

Some of these are:

- Period of silence. Wait for the other party to speak.
- Agree to a concession. Always trade concessions by saying If I do this, you do that.
- Adjournment to review positions.
- Agree to leave certain issues to one side for later and concentrate on the rest. Identify areas of common agreement.
- The use of the relationship with the other side to break the deadlock.

Signals to be aware of that could mean the other side wishes movement to take place could include:

- Trial movement. One side uses words like "What would you say if ...?" or uses hypothetical examples
- Summarises the position to date and asks Where do we go from here?
- One side calls for adjournment.
- Appeals to the other side's better nature.
- Asks for more information.

Uses 'crowding' techniques to force movement, e.g. aggressive behaviour, sets deadlines and time limits, threatens use of competition.

The use of concessions is a vital part of building a profitable relationship for both parties in the negotiation. Earlier, we discussed the different 'elements' that could constitute the final deal. The use of concessions enables negotiators to build a mutually profitable deal that is not one-sided in the other side's favour.

For example:

Volume:	*I can lower the price to £440 if you agree to buy 1,000 units instead of the 450 we have discussed so far. Longer Commitment: I can agree to these figures if you agree a 2-year contract rather than a 1-year.*
Additional Items:	*I can let you have a further 10% from the list price of this photocopier if you agree to buy your paper supplies from us.*
Better Terms:	*If you agree to pay 'cash on delivery' I can reduce my price by a further 5%*
Delivery:	*Since your lorries pass our depot each day, if you agree to pick up the orders, we can lower the price a further £2 per item.*
Packaging:	*If you are happy for us to use cheaper packaging, I can reduce the cost by another 1%.*

You may not have the flexibility to negotiate around all of the above. It is vital however, that before entering into negotiation, you are fully aware of what is and is not negotiable. You are in a stronger position if you agree this with your company beforehand and are given the authority to negotiate the best deal you feel is possible. Otherwise, you risk losing credibility by having to keep going back for permission to agree certain items.

It is better to say No, we can't do that, but we could do this ...rather than saying I'm not sure, I will have to ask my boss and get back to you

N.B. The exception to this would be if the concession concerned could clinch the deal. You may wish to say, I think I may be able to get my company to agree. I will have to check with them but if they agree, does that mean we have a deal?

THE CLOSING STAGES OF THE NEGOTIATION

The closing stages of any negotiation are vital to the overall success of the final deal. There will come a time when both parties can sense an outcome is possible, and each negotiator needs to be careful not to be too eager to close or else the other party will be tempted to hold back for further concessions.

Once a likely outcome is seen, either party may define outstanding issues, compare arguments and objections, review the position to date and agree a deadline for agreement. If one side avoids making these decisions, the other must probe to fine out the reason and deal with it effectively. Negotiators must be careful at this stage to identify tactical delay which deliberately attempts to force further concessions.

The best solution to aim for is one where both parties feel they have done well despite having to concede on certain issues. This is often called a win-win solution. Once either side feels they have arrived at the final deal, it is important to signal this to the other party. Body language can say as much about what you are thinking as speech. If you have made your final offer, look as if it is your final offer. This can be done simply by gathering up your papers, looking at the other side directly in the eye and saying That is my final offer, and silence can be a powerful tool in convincing them you mean what you say.

Be wary of 'splitting the difference'. If you offer to split the difference, you have, in effect, given the other side a concession that is one-sided. You have said you are prepared to move without asking for commitment in return.

The final consideration is when you have done the deal and both parties are in agreement. Record the details and agree with the other parties involved that your interpretation of events matches theirs. That way there will be no unexpected comeback in the inevitable post-negotiation period when either side reviews how well or badly he has done. Again, this will be minimised if the solution you have arrived at benefits both parties.

The closing stages need to be approached with caution. It has been shown that the majority of concessions are given or traded in the last 5% of the time allocated for negotiation. That means, if you negotiate for 1 hour the last 3 minutes are when you are most vulnerable.

THE 40 MOST COMMON MISTAKES IN NEGOTIATION

1. Failing to prepare effectively for negotiation.
2. Underestimating your own power.
3. Assuming the other party knows your weaknesses and strengths.
4. Being intimidated by the status of the person with whom you are negotiating.
5. Concentrating on your problems rather than those of the other party.
6. Forgetting the other side has things to gain from agreement as well as yourself.
7. Making assumptions about what the other side wants.
8. Having low aspirations for yourself.
9. Giving too much credence to time deadlines set by the other side.
10. Assuming the other side is aware of the short and long-term benefits of reaching agreement.
11. Being intimidated by rules set by the other side.
12. Misunderstanding tactics used by the other side.
13. Talking too much.
14. Failing to listen effectively.
15. Believing everything the other side says about you, your service, your competition etc.
16. Being forced into discussing price too early in the negotiation.
17. Revealing your 'hand' too early.
18. Aiming too low with your opening bid.
19. Accepting the first offer.
20. Giving away concessions for nothing.
21. Conceding an important issue too quickly.
22. Making concessions too easily and raising the other sides' expectations.
23. Feeling guilty about asking for a concession.
24. Making concessions before knowing all the other sides' demands.

25. Failing to make concessions conditional on final agreement being reached.
26. Making concessions of equal size to those on offer.
27. Paying too much attention to 'price' rather than 'value'.
28. Discussing issues for which you are not prepared.
29. Being inflexible.
30. Losing sight of the overall agreement when deadlock is reached over minor issues.
31. Responding to a high demand with a counter offer instead of challenging the validity of the high demand.
32. Assuming deadlock means agreement is not possible.
33. Feeling deadlock is only unpleasant for you and not the other party.
34. Trying to be liked during the final stages.
35. Bluffing without having a strategy ready should your bluff be called.
36. Taking things personally.
37. Offering to 'split the difference'.
38. Being intimidated by this is my final offer!
39. Not preparing 'Head Office' for the possibility you may need to walk away.
40. Carrying out a 'post-mortem' with the other side.

Negotiation skills role-plays

The following role-plays can be used at team meetings, or on training courses. There is typically a buyer and a seller and negotiations can take place either one-on-one, in small groups.

In either case break your team into 2 groups; the buyer group and the seller group and hand copies of the appropriate role-play brief to members of the appropriate group.

Get them to prepare for their negotiations in separate rooms, where they can be private without the other team overhearing their preparations.

Allow them 30-45 minutes to prepare and then bring buyers and sellers together to negotiate. There may be several negotiations taking part simultaneously, so you will need room to spread the negotiators. You may wish to use several syndicate rooms, or even videotape some of the role-plays for discussion afterwards.

Once agreement has been reached discuss with the group the process they have been through and what they feel they have learned.

Try to relate the learning points to their real negotiations. What could they do differently to make them more effective?

Environmental Products Ltd.

COMMERCIAL DIRECTOR'S BRIEF

You are the Commercial Director for Environmental Products Ltd, a Yorkshire based waste paper company. You buy waste paper and convert it into recycled paper products, which you sell to the major retailers in the U.K.

You have contracts with several Newspaper Publishers, who have as a by-product of their production process, part-rolls of newsprint. This paper is very high quality and much sought after by companies like your own. You need regular supplies of this paper and are given a performance-related bonus based on the tonnage you are able to buy, so this is an important contract for you.

You are aware that The Yorkshire Gazette are looking for a buyer for their waste newsprint and you know the quantities are likely to be substantial. You estimate they can probably supply you with around 15 to 20 tonnes per week. You need this business because you have recently invested heavily in new plant and machinery, and have a good deal of excess capacity.

The average market price for this kind of product is currently £49 per tonne. You would expect to negotiate a price of between £45 and £54 per tonne, depending on the quality of the product. Your transport costs are relatively high. You have the capability of collecting the waste paper in 5 or 12 tonne loads; however, it costs you £3 per tonne less to collect 12 tonne loads, so you would seek to ensure this is the case.

Your company has recently had cash flow problems and therefore you must negotiate a deal which gives you not less than 28 days to pay for the waste paper you purchase. Failure to achieve this will damage your standing within the company.

You need to try and get their commitment to a long term agreement, however, you are concerned that the price of this material will fall over the next few months, so would need some flexibility to renegotiate price, built into any agreement you make.

You have 40 minutes in which to conclude the negotiation.

Environmental Products Ltd.

PRODUCTION DIRECTOR'S BRIEF

You are the Production Director for the Yorkshire Gazette. In addition you are responsible for the production of several regional newspapers in the Yorkshire area, and altogether, you would use in any one year up to 5,000 tonnes of newsprint.

You purchase large amounts of this product but because of your production process are left with around 20% of the product to dispose of as waste paper. Unfortunately it cannot be used for any other purpose and you generally sell it to waste paper companies who re-pulp it and convert it into other paper products.

You use around 100 tonnes of paper per week, and paper is delivered to you 4 times per year. Storage space is at a premium, so you must ensure that you do not store too much of the waste paper.

You have sufficient space to store 34 tonnes of waste paper at a time, and you wish to have the paper removed once per week. If it is not sold, it can cost you £40 per tonne to have the waste paper disposed of. You recently had to dispose of 30 tonnes because of storage problems and this cost your company £1,200 and your Managing Director, made it clear he did not want this to happen again.

You are aware of colleagues in the industry who are paid only £49 per tonne for waste newsprint. You believe this figure is very low, but you may have difficulty in negotiating a better deal than the £58 per tonne you negotiated 12 months ago, with your current contractor, who has just gone bankrupt. You would hope not to have to agree to less than £51 per tonne under current market conditions. If you do so it may result in you losing face in front of your fellow directors. You are aware, however, that the price of paper is falling and would seek to agree a fixed price for, say, a year.

Cashflow in your business is vital, and therefore you need to demand weekly payment for the waste paper. You are currently paid weekly in arrears. You have an immediate problem in that your only choice of supplier for the foreseeable future is Environmental Products Limited, with whom you are negotiating.

You have 40 minutes in which to conclude the negotiation.

The truck

BUYER'S BRIEF

You are an independent owner and are about to negotiate with someone who wishes to sell you a 3 year old, heavy duty, refrigerated truck. You distribute food products for manufacturers throughout the U.K.

Your truck has broken down and must be replaced. You have already spent 2 weeks trying to find a replacement, without success. If you delay much longer, you will lose a contract worth £14,500 profit each year. Already your business is losing £350.00 for each day you are without a truck.

You have £36,000 to spend and no more. The sellers' truck is luxurious and much more comfortable than the one you currently own.

You feel the asking price, at £37,500 is high, but it is in good condition and mechanically sound.

You are shopping around and there are no new trucks available for at least 3 months and none that are suitable, for rent. You have seen 3 alternative second hand trucks, that you could buy, for £27,000, £29,000, and £30,000. While these are okay, none is as good as the sellers' truck. The mileage on these 3 is 75,000, 65,000 and 55,000 miles, respectively.

You have 30 minutes to either reach agreement, or not. If you don't you will be forced to buy 1 of the other 3 trucks, in order to secure the contract.

You have 30 minutes to prepare.

The truck

SELLER'S BRIEF

You are an independent owner of a refrigerated, heavy duty truck. It is in immaculate condition, but you are being forced to sell, because you have just lost your license for drinking and driving. You are about to meet with a buyer, who says he is interested in looking at your truck.

The truck is worth £37,000, and you are asking for £37,500, but if you don't sell today, the bank will repossess the truck and sell it cheaply, at auction. This will leave you with nothing, despite paying £43,500 for it 3 years ago.

If you get more than £26,500 you keep the difference, as this is what you owe the bank.

You have tried hard to sell the truck, without success. You have had several offers in the £28,000 to £35,000 range, but all these potential buyers wanted credit off you.

You know that 3 other models are currently being offered for £27,000, £29,000 and £30,000 and that the advertisements say they are in excellent condition.

The potential buyer is in the haulage business and has a good reputation, so should be serious about looking at the truck. He probably has the cash to make you a good offer.

You are desperate. The truck is all you own and your partner will kill you if you lose all the equity on the truck.

You have 30 minutes to reach agreement. If you don't you must call the bank and have them arrange to collect the truck.

You have 30 minutes to prepare.

The truck

INFORMATION COMMON TO BOTH PARTIES

Negotiations start in 30 minutes. Start planning now.

The buyer has test driven the sellers' truck. It has 30,000 miles on the clock and is in excellent condition. Bought new today, the truck would cost £50,000 Used trucks sell quite fast, if the price is right. Prices on 3 year old vehicles vary,

Depending on mileage and condition, between £20,000 and £37,000

The general economy is slow and sluggish. This is felt particularly in the haulage industry. The seller would like to sell up and move back to Bradford. The buyer has said cash is available at the right price.

APPRAISING SALES PERFORMANCE

Most salespeople are motivated by praise, recognition, a sense of achievement and by feeling they are a successful part of a successful team.

An important sales management role is to appraise the performance of members of the sales team. Performance Appraisal is important because:

- It can be motivating for both parties
- It gives the manager the opportunity to discuss strengths and weakness and give feedback on performance
- It lets the salesperson know how well he or she is doing
- It can help to identify training needs

Performance appraisal can be both formal and informal and most managers use a mixture of both. Successful appraisal meetings occur when performance is discussed in an open, structured way.

Many managers find appraisals time consuming and make the mistake of giving their own feedback, rather than having an open planned discussion on the past and future performance of the person being appraised.

Successful appraisal interviews need to be planned by both people taking part and need to take place in a quiet, private environment where performance issues can be aired in a positive honest environment.

Failure to appraise effectively can lead to demotivation and a falling off in performance over the longer term. A well-structured appraisal answers the question that most of us want answered, which is "How well am I doing?"

FEATURES OF A SUCCESSFUL APPRAISAL MEETING

An appraisal meeting can be said to have been successful when the following objectives have been achieved:

- Agreement being reached on the principal accountabilities of the person being appraised by reference to an up-to-date job description.
- Objectives, targets and standards of performance being specifically agreed and stated.
- An in-depth discussion of the period under review.
- A look forward to the next review period setting objectives, targets and standards of performance.
- Discussion of achievement over the period backed up with statistics and printed results.
- An honest exchange of views on shortfalls in performance and discussion of remedial action to bring performance back to standard.
- Identification of strengths and areas for improvement.
- Agreement of an action plan for the forthcoming period.
- Agreed monitoring times with target times as a reminder to both parties.
- Both parties feeling positive about how the review was conducted.

STRUCTURING THE PERFORMANCE APPRAISAL

Some thoughts on making your appraisals more effective

Prior to the meeting taking place the person who is about to be appraised (the appraisee) should be informed of the meeting by his or her manager (the appraiser) and be given the opportunity to volunteer some areas that he or she would like to discuss as part of the appraisal. The manager also gives an overview of how the appraisal will take place and the specific areas that he or she would also like to cover.

The manager prepares for the meeting by completing an appraisal form. An example of the form is given on the next page. In the form the manager is asked to give a subjective judgement, on a scale of 1 to 10, of various areas of the salesperson's job. These relate to:

- Performance criteria
- Technical and organisational skills other areas covered by the appraisal meeting include:
- Personal characteristics
- Strengths and Weaknesses
- Other Areas of Discussion
- Training and Development Needs

The outcome is an agreed action plan for the forthcoming period, written comments from the manager and signatures for both appraiser and appraisee.

The use of a subjective 1 to 10 score forms the basis of a potential negotiation between the two sides. If the manager rates the salesperson as a 2 and the salesperson sees him or herself as an 8 then there is an obvious point for discussion, that can lead to feedback and remedial action if necessary.

APPRAISAL FORM

Name of Salesperson...		*Period of Appraisal ....*		
Performance Criteria	*Target*	*Achieved*	*Rating**	*Comments*
Call rate Lead generation Average sales value ***Conversion rates*** Telephone calls : Appointments Appointments : Presentations Presentations : Sales				
*Overall Performance Rating**				
Technical and Organisational Skills	*Rating* (Score out of 10)	*Comments*		
Selling Skills: Booking Appointments Planning Sales Call Preparation Opening the Sales Call Agenda Setting Asking Questions Identifying Needs Needs Analysis Overcoming Objections Closing the Sale Sales Administration Time Management				

* Rating: Unsatisfactory, Poor, Satisfactory, Above Average, Excellent

Personal Characteristics	*Rating* (Score out of 10)	*Comments*
Self Motivation Initiative Integrity Flexibility Positive Attitude Enthusiasm Tenacity Energy ***Others:***		
Strengths and Weaknesses		
Other Areas for Discussion		

Training and Development Needs
Action Plan for ____ (period)
Comments
Signed **Appraiser**.. **Date** **Appraisee**..

PREPARING FOR THE APPRAISAL MEETING

The meeting should begin with the manager agreeing the agenda with the person being appraised. This summarises the items to be discussed and will include:

1. Performance over the period
2. Review of Technical and Organisational skills
3. Review of Personal Characteristics
4. Discussion of strengths and weaknesses
5. Other areas for discussion
6. Training and Development needs
7. Action Plan

Where there are specific issues to be discussed in depth the appraiser should prepare a list of questions that will help to identify

- Facts
- Opinions and attitudes
- Ideas and suggestions

There are three styles of questions that can make the appraisal interview most effective. These are:

OPEN QUESTIONS:

These give the person being appraised the opportunity to speak. Because of their nature they cannot be answered with a short 'yes' or 'no' but require a fuller answer. These kinds of questions tend to begin with 'Why', 'What', 'How', 'Tell me...', 'Give me...'.

For example: Tell me how you feel about this aspect of your job?

FOLLOW-UP QUESTIONS:

Having asked you questions we need to listen to the answers we are given. In order to develop the subject being discussed as fully as possible we must ask follow-up questions based on what is being said.

For example: What happened then?
How did you react?
Tell me more about that.

CLOSED QUESTIONS:

Closed questions are good for getting specific answers or commitments. They can only be answered with short 'yes' or 'no' type answers or with specific information.

For example: When will you be able to produce the figures?

SAMPLE OPEN QUESTIONS FOR USE IN THE INTERVIEW

Here are some examples of open questions that you could ask during the appraisal interview:

1 Tell me how you feel about this aspect of your job?

2 What skills do you feel are needed to do this well?

3 Give me an example of when you did this part of your job well.

4 Give me an example of when you found it difficult to carry out this part of your job.

5 How comfortable do you feel with this aspect of your work?

6 What do you like best about this part of your job?

7 What don't you like about it?

8 How confident do you feel with this activity?

9 How difficult did you find doing this part of your job for the first time?

10 How well do you feel you have performed this part of your job over the period?

The purpose of this style of questioning is to encourage the appraisee to open up and give feelings, opinions, ideas and factual information on actual performance. While he or she is giving his reply the appraiser should use effective listening skills,
i.e. regular eye contact, smiling where appropriate, nodding head etc., in order to encourage more effective communication.

SAMPLE FOLLOW-UP QUESTIONS FOR USE IN THE INTERVIEW

Here are some examples of follow-up questions that you could ask during the appraisal interview:

1. Really, can you be more specific?
2. You said before that you enjoy this aspect of your job the most. Why is that?
3. Can you give me more detail on the results you achieved?
4. I'd like to go back to what you said earlier ...
5. What exactly do you mean by ...?
6. Can you tell me a little bit more about ...?
7. When that happened, how did you react?
8. That must have caused you problems. How did you overcome them?

Follow-up questions are a valuable source of information.

The technique is to listen carefully to what is being said and encourage further discussion on the topic by acknowledging that you have heard the answer and then asking a direct question to pursue the first answer in more depth.

SAMPLE CLOSED QUESTIONS FOR USE IN THE INTERVIEW

Here are some examples of closed questions that you could ask during the appraisal interview:

1. When will you be able to produce me those figures?
2. Are you happy with the review so far?
3. Do you feel comfortable with this type of question?
4. Would you like to talk about the next topic?
5. Will you commit yourself to do this in future?
6. Would you prefer me to do that from now on?
7. Do you think you will have enough time to produce the figures?
8. Have I got your commitment to do this for me by next week?
9. Will you be available for a further discussion on this next week?

Closed questions have the capability of being answered by short 'yes/no' type answers and are useful for getting specific information.

They will tend to feature more towards the end of the interview when both sides are making commitments.

STRUCTURING THE MEETING ITSELF

Controlling the meeting and achieving success

The most effective way to conduct an appraisal is to encourage the person being appraised to talk before the appraiser gives opinions and feedback. As a general guide the following structure can be used.

- Open the meeting
- Set the Agenda
- Ask Questions
- Listen and Observe
- Record Facts
- Provide Feedback
- Summarise
- Close

OPEN THE MEETING

Begin by putting the interviewee at his or her ease. Recap on the purpose of the appraisal. Put the interview into perspective.

SET THE AGENDA

Agree what will be discussed at the meeting. Ask for specific areas of interest or concern that the person being appraised would like to discuss.

ASK QUESTIONS

Take each item in turn. Ask open and follow-up questions in order to encourage the appraisee to talk.

LISTEN AND OBSERVE

Listening effectively will encourage the person being appraised to talk more openly and freely. Keep regular eye contact, take notes, ask follow-up questions based on his or her replies in order to explore them in depth.

Observe reactions during the interview. Ask for examples of good and unsatisfactory job performance relating to the topic under discussion.

RECORD FACTS

Write down the main points arising from your discussion as they arise. Encourage the other person to do the same.

PROVIDE FEEDBACK

Give the person being appraised your feedback on his or her performance after the appraisee has given you his or her views.

Be open, honest and constructive. Give specific examples of good and unsatisfactory job performance in an objective way.

Ask for the appraisee's views on your comments. Where there is a gap between actual and desired performance ask the appraisee what he or she will do to close the gap and how you or the organisation can help in the process.

It is important for the appraisal to be successful that the person being appraised accepts responsibility for his or her own performance and whenever possible provides the solution that will lead to future improvement.

It is less effective when the appraiser tells the appraisee what must be done to improve performance.

SUMMARISE

At the end of each item under discussion summarise any action that has been agreed. Towards the end of the interview list all the action points to form an action plan.

Action plans should be time-bound, realistic but challenging, and measurable.

CLOSE

Close the interview in a positive way and thank the appraisee for his or her contribution.

PRODUCING A POSITIVE OUTCOME

Getting positive results from the appraisal process

HOW BEST TO USE THE STRENGTHS OF THE PERSON BEING APPRAISED:

1. Focus on strengths and minimise the effects of allowable weaknesses. Salespeople need to be aware of their strengths and how they can maximise these during their working lives
2. Get the individual's feedback on how they see their particular strengths contributing to the team effort.
3. Analyse their particular strengths in relation to the rest of the team

HOW TO IMPROVE FUTURE PERFORMANCE:

1. Focus on the future, having analysed what happened in the past. Performance is formed by behaviour so try to identify the specific behaviours that ill influence future behaviour and hence performance

2. Set standards of performance so that team members understand what is expected of them and have clear guidelines as to what is acceptable and unacceptable behaviour

HOW THE MANAGER OR THE ORGANISATION CAN HELP THE SELF-DEVELOPMENT OF THE APPRAISEE IN THE FUTURE:

1. Clarify your own role and how you will be able to help with the achievement of future objectives

2. Make the appraisee aware of developmental opportunities provided by the organisation and look for ways of linking opportunities with achievement. This means that development opportunities should be seen as being important and should consequently be earned, rather than given to anyone who asks

HOW TO FINISH THE PROCESS:

1. Written commitment from both sides saying what has been agreed and will be done as a result of the appraisal

2. The final outcome is an action plan; agreed and accepted by both sides which will be followed up and used as a tool for future development

20 WAYS TO IMPROVE THE EFFECTIVENESS OF APPRAISALS

1 Arrange for a suitable venue that is quiet, comfortable and puts both participants at ease.

2 Open the interview positively and establish rapport with the appraisee.

3 Try and start with some good news.

4 Set an agenda for the interview.

5 Ask open questions which allow the appraisee to give their opinions, facts and ideas.

6 Listen effectively to their answers.

7 Try not to interrupt.

8 Ask follow-up questions based on what you have heard.

9 Concentrate on one topic at a time.

10 Concentrate on 'job performance'.

11 Take notes during the interview.

12 Recognise strengths and achievements.

13 Deal with weaknesses as needs, or learning points.

14 Give open, honest and constructive feedback.

15 Make sure feedback is specific, accurate and relevant.

16 Summarise during, and at the end of the interview.

17 Agree an action plan based on clearly defined objectives and standards of performance.

18 Give and gain commitment to future action.

19 Close the interview in a positive way.

20 Book the date for the next appraisal.

PROBLEM SOLVING

A look at how we tend to tackle work related problems

When managers solve problems they often tackle symptoms rather than the real problem.

For example:

A manager has a member of staff who is taking time off and regularly arriving late to work in the morning. He disciplines the member of staff and gives him a warning, in writing, as to his expected future conduct. In this example the manager has tackled the symptom, but he may not have solved the problem.

Another example:

Customers are complaining to the company over late delivery of orders. The sales office manager produces a plan to speed up the time between orders being received and goods being sent out. Here, he has tackled the symptom but has he solved the problem? Perhaps the late delivery is being caused by an inefficient production process or lack of investment in new technology.

To solve problems effectively we must first of all define the problem and look at whether we have identified the real problem or a symptom of a much bigger problem in another part of the organisation. Problems aren't always clear cut and easy to solve. Here are some problems we have with problems:

a) The Problem Package
There is an assumption that problems have a common cause and a common solution, this is seldom true.

b) The Problem Chain
The problem you're dealing with is caused by another problem etc.

c) Distortion
People's interpretation of the facts can be affected by many different influences: self-interest, interdepartmental jealousy, prejudice, insecurity and most of all by the way in which their own job makes them see the situation.

d) Misleading Information
True facts can often only be established by going to see for yourself . Other people will only be too ready to tell you what they think are the facts or even what the facts ought to be.

e) Diversions/Red Herrings
Other people jump to their own conclusions and in the process unknowingly divert you from finding out what the present situation is.

f) The Hobby Horse
People responsible for a problem decide on a solution and because it is their idea will pursue that solution to the bitter end however inefficient or expensive that solution turns out to be.

In order to be more effective problem solvers we need to:

- Spend more time defining the problems we come across.
- Generate alternative ideas.
- Try out new ideas for solving recurring problems.
- Tackle the big organisational problems for which no one wants to be responsible.
- Separate the symptom from the real problem.
- Produce action plans with specific dates and times and begin work on solving problems today.

DEVELOPMENT EXERCISE 4. WHAT IS A PROBLEM?

An exercise to test your ability to analyse problems

Objectives

- To provide a classification of types of problems.
- To develop managerial insight.
- To explore the difference between causes and symptoms of problems.

Method

Read all the instructions first.

Complete the activities in sequence:

- Describe five problems you have at the present time. These should be significant and important for you to resolve.
- One problem identified should be task oriented rather than personal or interpersonal.
- Provide as much information as possible so that the problem can be fully analysed.

* Reproduced by permission of the Gower Publishing Group from '50 Activities for Self Development' by Woodcock and Francis.

Step 1. Describe 5 work related problems you have at the present time that are significant and important to resolve.

Problem A

Problem B

Problem C

Problem D

Problem E

Step 2. For each of the 5 problems answer the following questions by putting a ✔ or ✖ in the appropriate box.

	A	B	C	D	E
Is it a personal problem?					
Is it a problem between yourself and another person? i.e. an interpersonal problem.					
Is it a problem that can only be solved by a group of people?					
Is it a problem that pervades the organisation?					
Is it a problem you feel you have the necessary skills to solve?					
Does the problem involve difficult decisions about different values?					
Is there conflict present that is inhibiting solution of the problem?					
Is there a technical aspect to the problem?					
Are there adequate resources to solve the problem?					
Does the problem involve coping with an existing bad solution?					
Does the problem involve managing risk?					

Step 3. Review how you have tackled the problems and potential future actions. Mark the boxes with a ✔ or ✖ as appropriate.

	A	B	C	D	E
Is the best solution to do nothing and live with the problem?					
Do I already know the solution to the problem?					
Can I find my own solution, or do I need to include others in the decision making process?					
Will any potential solution affect my organisation's objectives?					
Do I need training to solve this problem?					
Is the problem likely to cause conflict among team members?					
Does the team want to see the problem resolved?					
If I make the decision myself are the team likely to support me and implement the decision?					
Do I know the cost implications of different solutions?					
Have I calculated the potential benefits from finding a solution?					
Do the benefits outweigh the costs?					

Step 4. For each problem you have identified list the actions you have taken to bring about a solution. Where no action has taken place list how you feel you might go about solving each

Problem	Action taken/Potential action
A	
B	
C	
D	
E	

DEVELOPMENT EXERCISE 5.
PROBLEM SOLVING EXERCISE

TEAM LEADER'S BRIEF

The following problem solving exercise has been designed to help managers improve their problem solving abilities and develop leadership skills.

Break the group into two teams; the Workers and the Managers. Ask the Workers to go away for 15 minutes after which they will be fully briefed.

Give the Managers the Problem Solving Exercise Team brief and the following items:

100 sheets of A4 paper
50 postcard size cards
5 balloons
1 packet of drawing pins
1 box of paper clips
1 ball of string
2 rolls of Sellotape
1 tape measure
1 pair of scissors
1 packet of plastic drinking straws (approx. 50)
1 heavy object weighing approximately 1 lb.

They have then got 15 minutes to prepare the activity using the information on their briefing sheet.

Their task is to supervise the Workers, who will actually build the structure. They may touch the materials during the planning phase but by the end of the 15 minutes the materials must be put back to their original condition.

When the Workers return they will be asked to build a structure on which to rest the object.

When the Workers are building the structure they must do exactly what they are told and no more. Ensure that the Managers do not touch any materials while the structure is being built.

After the exercise is completed give the teams a break, this should be around lunchtime, and when they return hand out copies of the amended brief.

DEVELOPMENT EXERCISE 5.
PROBLEM SOLVING EXERCISE

TEAM BRIEF

Your team of managers has been given the task of solving a practical problem using a team of workers who will be with you in 15 minutes.

You have been given a number of items, which include a heavy object.

The problem is to build a structure, using the materials you have been given, that will be solid enough to support the weight without falling over.

The structure must be free standing, on the ground, and not touching walls or ceiling in any way at all. The object must rest on top of the structure.

When the workers arrive they will construct the structure according to your instructions. You may touch the materials during the period set aside for planning but under no circumstances can you touch any materials once the team of workers arrives. (Union Rules.)

The success of your solution will be judged using the following criteria:

- Height of the object from the ground (cms.)
- Time taken (mins.) Your team score will be measured using this simple formula:

Height / Time = Score

Therefore the higher the object is from the ground and the shorter the time taken the bigger will be the score.

The results will be judged using previous scores achieved by groups of managers:

Under 40	Poor
40 - 60	Average
60 - 100	Good
100 - 150	Excellent

DEVELOPMENT EXERCISE 5.
PROBLEM SOLVING EXERCISE

AMENDED TEAM BRIEF

You must now repeat the previous exercise. Under a new agreement that has been reached between the company and the union you can consult with the workers and spend 20 minutes planning how to reconstruct the structure based on the lessons learned during the first part of the exercise. Both teams can take part in construction. The method of scoring remains the same. Your target is 175 points.

DEVELOPMENT EXERCISE 5.
PROBLEM SOLVING EXERCISE

REVIEW AND FEEDBACK

1. How did your group attempt to solve the problem?

2. How did you plan the activity?

3. What alternative solutions were generated?

4. How well did members of the group communicate with each other?

5. How did you feel as the task progressed?

DECISION MAKING STYLES

The following classifications show decision-making styles that are available to supervisors and managers. These are autocratic, consultative and group decision making styles.

Style Definition

A1 You solve the problem or make the decision yourself using the information available to you at the present time

A2 You obtain any necessary information from subordinates, then decide on solution to the problem yourself. You may or may not tell subordinates the purpose of your questions or give information about the problem or decision you are working on. The input provided by them is clearly in response to your request for specific information. They do not play a role in the definition of the problem or in generating or evaluating alternative solutions

C1 You share the problem with the relevant subordinates individually, getting their ideas and suggestions without bringing them together as a group. Then you make the decision. This decision may or may not reflect your subordinates' influence, however you approach the consultation with an open mind

C2 You share the problem with the subordinates in a group meeting. In this meeting you obtain their ideas and suggestions. Then you make the decision, which may or may not reflect the subordinates' influence. Again, you go into the meeting with an open mind

G2 You share the problem with your subordinates as a group. Together you generate and evaluate alternatives and attempt to reach agreement (consensus) on a solution. Your role is much like that of a chairman, coordinating the discussion, keeping it focused on the problem and making sure that the critical issues are discussed. You can provide the group with information or ideas that you have but you do not try to press them to adopt your solution and are willing to accept and implement any solution which has the support of the entire group A1: Autocratic individual decision.

A2: Individual decision based on information gathering.

C1: Individual consultation and contribution leading to an individual decision.

C2: Group consultation leading to an individual decision.

G2: Consensus decision with group consultation.

Most managers are able to use each of the styles, but tend to prefer and use one style more than the others. **Autocratic** decision-making tends to be quick and decisive, however, while it is appropriate for many situations, used to excess it can impact on team morale especially with mature work teams. Newly appointed managers often find autocratic decisions the hardest to make.

Consultative decision-making is the style most managers think they use most of the time. What managers need to decide is whether there is genuine consultation or whether the manager is really being autocratic, but dressing it up as consultation in order to boost team morale. Since most team members realise what is happening this tends to have the opposite effect especially if done on a regular basis.

Group decision-making occurs where the group is given the final decision to make for itself. This is democratic but tends to take longer to carry out, therefore if the building is on fire this may not be the best style to use when deciding whether or not the group should leave. The style is most appropriate to mature work groups where the manager is confident the decision will be in the team's and the company's best interest, and where the length of time taken to come up with a decision is not critical to the quality of the decision.

DEVELOPMENT EXERCISE 6.
DECISION-MAKING STYLES. CASE STUDIES

1. Having seen the various styles of decision making available to you as a manager A1, A2, C1, C2, G2 read the following case studies and decide, on your own, which style of decision making is most appropriate and what you would actually decide to do to solve the problem in each case

2. Having done this get together with your team, and get them to complete the exercise, coming up with a group decision on the most appropriate style in each case and a group solution to each problem

3. Use the worksheets provided to record your answers

4. There are no right, or wrong answers to this exercise, as different managers, with different styles can use a variety of styles to make decisions. The value of the exercise is in getting you to identify your preferred style and appreciating that there may be better ways of making decisions available to you

DEVELOPMENT EXERCISE 6.
DECISION-MAKING STYLES. CASE STUDY 1

You are personnel and training manager for a large firm of insurance brokers. You have reporting to you a team of six training managers who are responsible for delivering management training to your company's 400 managers and supervisors throughout the UK.

They are mostly keen and hard working although one member of the team, an ex-branch manager who is 15 years your senior, is unhelpful and does not seem to contribute equally to the teams' efforts despite being the highest paid team member.

You have used the company training centre in the past, a large purpose built centre in Surrey, however the company has decided to sell this centre for development purposes and intends for the future to train its managers at their eight regional offices.

This means the team may potentially have to spend a good deal of time, in the future, travelling and staying away from home. The company has told you it will provide them with extra salary to compensate for the inconvenience caused should this be the case.

You have put together a programme, which will mean the team delivering an average of one 3-day course per week each over the next year. Your problem is to decide whether to relocate members of the team to different regions and cut down on their travelling time and time spent away from home or else leave things as they are. Financially it does not make a great deal of difference which of the options you choose.

All the team members live within a 10-mile radius of the training centre and while they support you they are unhappy with the changes that have occurred. You are meeting with your boss next week and he expects a decision from you by then.

Notes:

DEVELOPMENT EXERCISE 6.
DECISION-MAKING STYLES. CASE STUDY 2

You are production manager for an engineering company selling spare parts to the motor industry. You have recently installed a computerised stock control system that has been designed to reduce the level of stockholding within the company while continuing to give the relevant department's immediate access to stocks they need.

The system was very unpopular when it was instigated. Several key members of staff left the company, which caused a lot of problems during the period of implementation.

The system has been running now for three months and there are continuing problems. The manufacturer has been to see you and assures you that the system itself is not at fault. You feel therefore that the problem lies with the workforce.

Your works foremen (five in all) have met with you and each has his own idea of the cause of these problems. The causes have been put as training, morale, lack of incentives, and failure to use the system properly by relying on old methods as a back-up.

You know they are keen to sort the problem out and support the idea of computerised stock control. Your boss has contacted you and given you one week to come up with a solution.

Notes:

DEVELOPMENT EXERCISE 6.
DECISION-MAKING STYLES. CASE STUDY 3

You have recently been appointed as operations manager to a medium sized engineering company in the Midlands and have a team of six people who report directly to you. The team consists of an Administrative Manager, a Production Manager, the Company Accountant, an Engineering Manager, an Industrial Relations Manager and a Personnel Manager.

The team has been together for a number of years and has worked well together with no real problems occurring. Your managing director has contacted you to say the new administrative block has been completed and your suite of offices is ready for occupation.

You find to your dismay that the offices have been constructed so that there are four offices for sole occupation and a large open planned area. Unfortunately it is too late to change the design of the building so you have to decide who does and does not get his own office.

There is no difference in status between the manager, however the accountant and production manager receive a higher salary than the others and the personnel manager has just completed 25 years service with the company.

You know from past experience that this is an issue, which will cause concern among team members. It is not possible for them to share an office due to their size so it is inevitable that some of your team will end up in the open-planned area.

Notes:

DEVELOPMENT EXERCISE 6.
DECISION-MAKING STYLES. CASE STUDY 4

You are head of research and development for a company that manufactures chemicals for the Agricultural industry. You have a very cohesive team of researchers whose commitment to you has been excellent with high levels of productivity and good team morale.

There are six researchers in the team and they will often work together in smaller groups for particular projects. One criticism of the team is that they prefer to do intellectually interesting work which is not very often of commercial value to the company. You have allowed this to go on in the past because the rest of their work has been excellent and of great commercial value to the company.

However, the company is having a cost-cutting exercise and you have been told you must discontinue any projects that cannot be proved to be commercially viable. This means the work the team will be expected to do from now on will be much less interesting and you are concerned that this will cause problems.

You are particularly concerned about this because you know it will affect morale and could also impact on the productivity of the team. You are also aware that a competitor of yours is looking for research staff and worry that this may cause some or all of the team to leave for pastures new.

You have no reason to doubt the loyalty of the team or their commitment to your company and feel that if you are able to find a solution to the problem that will satisfy one team member it will probably satisfy them all.

Notes:

DEVELOPMENT EXERCISE 6.
DECISION-MAKING STYLES. CASE STUDY

CASE STUDY 1

Mark which style you feel is most appropriate:

A1 A2 C1 C2 G2

My solution to the problem is:

CASE STUDY 2

Appropriate style:

A1 A2 C1 C2 G2

Solution:

CASE STUDY 3

Appropriate Style:

A1 A2 C1 C2 G2

Solution:

CASE STUDY 4

Appropriate Style:

A1 A2 C1 C2 G2

Solution:

DEVELOPMENT EXERCISE 7.
ACTION PLANNING

Having worked through the manual, produce an action plan, either for you as an individual manager, or for your team, to continue the development process.

ACTION POINT	**By when**